Scott. II-27—23,006—24-12-3

(193) Department.

SERIES.

G.O. No. 1796

DATED 23rd May, 1933

[Despatch Abstract.]

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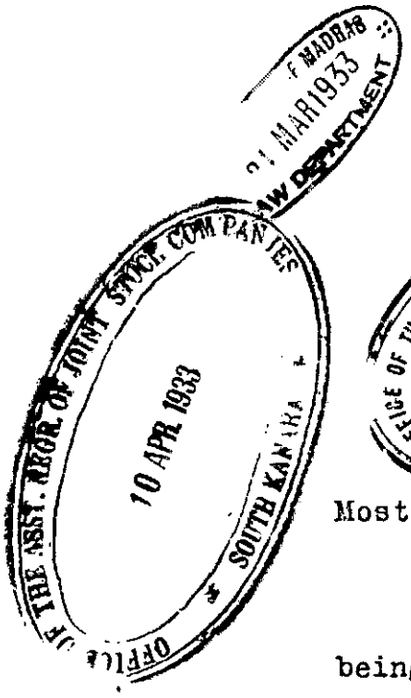
24.3.33

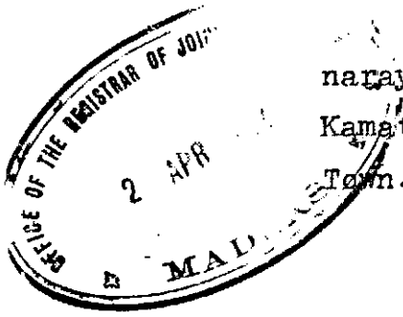
To

The Government of Madras.

(In the Department of Law.)

Fort St. George, M A D R A S.





Humble Memorial of Burde Lakshminarayana Kamath. son of Ramachandra Kamath, residing at Kunjabettu, Udipi-Town. South Kanara District.

Dated 22nd. March 1933.

Most Respectfully Showeth :

The Memorialist named above being highly aggrieved and harrased by a series of fraudulent and unrightious Civil Suits on the file of District Munsif's Court at Udipi instituted by a gang of conspirators under the cloak of a bogus Bank styled " Udipi Bank Ltd., Udipi" begs leave to approach the Government in the earnest hope of obtaining justice.

2. In the year 1925 Messrs. N. Rajagopalakrishna Rao a land-holder and U. S. Adam Dawood Saheb also a land-holder and Honorary Magistrate and P. Narayana Prabhu the Managing Proprietor of the Prabhakara Press and M. Venkobachar an agent of Admar Mutt all being the residents of Udipi in collusion with four other persons formed a directorate for the said Bank with Mr. B. T. Kamath as the Managing-Director and Mr. H. Keshava Pai B.A., B.L., as Legal Adviser.

3. The said Bank started with an authorised Capital of Rupees Two Lakhs divided into 4000 Shares of Rs 50/- each. The capital called and paid-up amounted to Rs 57,070/-.

4. The said B.T.Kamath in view to accomodate the then

President of the Bank began to borrow monies from the said Bank in excess of his shares so much so that the said ---- Kamath having had no substantial means managed to raise a loan of Rs 27,000/- on the acceptance of his wife a pennyless lady; this fact is testified very faintly by the Auditor in his Report for the year that ended 31st December 1931.

5. The said Rajagopalakrishna Rao though apparently a landlord had frettered away all his ancestral properties in a variety of enterprises and wild goose chases, conspiring with Mr. Adam Dawood Saheb and P. Narayana Prabhu who are notorious for their scheming brains made plans to swindl a large of number of share-holders and employed the said B.T.Kamath to carry out their nefarious purposes. The said Rajagopalakrishna Rao on the strength of the finance supplie by the said B.T.Kamath sent up his son Srinivas Moorthy a youth of mediocre parts to England for the I.C.S., and --- wasted thousands of rupees ruining the interests of the shareholders of the Bank.

6. As if the said conspirators had not sufficient ---- back up, they enlisted the sympathies of the Officers of --- another Bank called the Canara Banking Corporation Udipi Ltd., Udipi; of whom Mr. M. Vittal Kamath one of the leading Vakils of Udipi, is also the Legal-adviser and a near relation of the Vice-President thereof; Mr. H. Keshava Pai another leading Vakil of Udipi is the President of the said Corporation Bank and also a Legal-adviser of the Udipi Bank

7. The Memorialist has to submit very painfully that the said B.T.Kamath his youngest son falling into evil ways and becoming above parental advise deserted kith and kin

and relying on his income as an Insurance agent turned out an adventurer and fall a victim to the wicked machinations of the said Directors of the Udipi Bank.

8. It has to be submitted also that the loans to the extent of Rs 27,905/- advanced by the said Udipi Bank to the said B.T.Kamath on the acceptance of his pennyless wife was sanctioned by the Bank's Directors consisting of Messrs. N. Rajagopalakrishna Rao, U.S.Adam Dawood Saheb, P. Narayana Prabhu, U. Ramachandra Narasimha Pai and M. Venkobachar all of whom were and are still aware of the improvident condition of the said B.T.Kamath and his wife and in the total absence of any legal or urgent necessities for the said B. T. Kamath and his wife. The Report of the Auditor dated 3-1-32 on the completion of the Audit of the said Udipi Bank refers to the said loans as being curious and that it is ---- not known how they sanctioned the loan at all and it was found that the co-obligant to the borrower was no other than a family member of his. Poor Auditor ! that in spite of his discoveries in the course of the scrutiny that the said co-obligant was the very pennyless wife of the borrower he was influenced to suppress that she was his wife, which indicates an unholly intention on the part of the Auditor ----- himself. The question at once arises why this large loan was sanctioned by the said Directors and how the said amount was allowed to be utilised unless the answer comes that the said amount was participated by the said Directors among themselves with the evident object of making the said B.T. Kamath as a scape-goat or, if possible, to harras this ----- Memorialist who has throughout his life toiling and moiling earned some self acquisitions and whose two sons named Burde

Pattabhirama Kamath and Narasinga Kamath who, though living with the memorialist are pursuing their own independent trade in Perfumery and Cutlery under the name and style of " Burde Brothers " at Udipi.

9. A regular criminal conspiracy was formed and in pursuance thereof forgeries and falsifications of accounts have been committed by the said Directors of the Udipi Bank receiving active sympathy and help from the Officers of the Canara Banking Corporation Udipi Ltd., Udipi. With the object of carrying out the wicked designs of the conspirators O.S.No: 455/31 for Rs 375 was caused to be filed by Mr. U. Ramachandra Narasimha Pai one of the Directors of the Udipi Bank against the memorialist and his sons including B.T.Kamath, on the alleation that he was the accomodator to the said B.T.Kamath in respect of a loan issued by the Canara Banking Corporation Udipi Ltd, and a Decree was ----- passed in spite of serious contest. Another suit O.S. --- No: 514/31 for Rs 2324/15/- was filed against the memorialist and his sons on the strength of a forged pro-note alleged to have been executed jointly and severally by the memorialist and one Airody Subbanna Panduranga Pai an insolvent, and in spite of serious contest put up, a decree has been passed against all. Then O.S.No: 530/31 for Rs 314/12/- a false suit was caused to be filed by one Mr. H. S. Hussain Saheb a Vakil of Karkal and the brother-in-law of the said Mr. Adam Dawood Saheb at the instigation of the latter and his unholly colleagues and a decree was passed in spite of hot -- contest.

10. Seeing that the memorialist is in no more to submit to the harrasment of the conspirators, Mr. H. Keshava Pai President Canara Banking Corporation and legal adviser of the

Udipi Bank brought about O. S. Nos: 75 to 79 of 1932 for about Rs 4500/- against the memorialist and his sons including the said B.T.Kamath, although neither the memorialist - nor his two sons Burde Pattabhirama Kamath and Burde ----- Narasinga Kamath had any connection with said loans express or implied and though the said B.T.Kamath had no authority to pledge the credit of his father or his brothers, and though Mr. N. Rajagopalakrishna Rao gave accomodation in 4 cases and Mr. M. Venkobachar in 1 case to the said B.T. Kamath. Mr. H. Keshava Pai a shrewd and arch - conspirator launched all the suits as summary ones with the sole object of giving the memorialist no reasonable and lawful opportunity to prove the falsity of the litigations and thereby defeat over power him a man of 70 years enjoying the evening of his life quietly. At the outset of these litigations it was found impossible to engage the leading pleaders of Udipi most of whom are the members of the stupendous conspiracy. At any rate one Mr. B. Srinivasa Rao an Advocate of standing was engaged for the defence of the memorialist and one Mr. P. Padmanabha Rao a Vakil was engaged for his two sons Burde Pattabhirama Kamath and Burde Narasinga Kamath. The said pleaders being convinced of the injustice and cruel wrongs caused to the memorialist and his two sons showed at the outset some earnestness in defending the cause, but at last they forsook the memorialist and his two sons and helped the enemies to have the decrees passed according to the Plaints. It is significant that in these suits neither acceptors N. Rajagopalakrishna Rao and M. Venkobachar nor the principle borrower B.T.Kamath chose to put in any defence either of admission or denial but were content to remain in the back-ground under the influence and at the instigation of the conspi-

rators.

11. The memorialist cannot help submitting here that one Mr. B. Narasimhamulu the present District Munsif of Udipi who had an inkling of the fraudulent nature of the transactions which formed the subject matter of the said suits was approached by the principal conspirators and appealed to for mercy and made him to acceed to their ---- request on the ground that the majority of the members of his Bar though guilty of wicked conscience and heinous crimes should be spared and not sacrificed at the alter of justice and law.

12. The memorialist need hardly submit that the said Banks are constituted for the benefit of the people under the protection of Government Laws and Regulations governing their maintenance. Here are cases of forgeries and falsifications of accounts and criminal misappropriation and breaches of trusts committed by persons assuming to be --- responsible officers and men in social rank. It is ---- essential for the fair name and fame of the Government and of its laws and regulations that the matter should be ---- placed in the hands of the Criminal Investigation Department, the Books, Registers, other papers and documents of the said two Banks wherever they may be found either in the Offices of the said Banks or in the residences of the conspirators as the case may be should be searched out and ~~xxxxx~~ seized and regular enquiries should be set on foot and the offenders should be dealt with according to law.

The memorialist therefore most humbly and respectfully

prays that the Government may, on a kind and benign consideration of the facts and circumstances stated above and on such enquiries seeming fit and proper, be graciously ---- pleased to deal with the offenders according to law and render substantial justice and ~~equaiity~~ equity unto the memorialist and his two sons Burde Pattabhirama Kamath and Burde Narasinga Kamath.

For which act of justice and mercy the memorialist shall, as in duty bound, ever pray and remain grateful.

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Law Cell

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Ent 2481C-1 D 30.3.23,

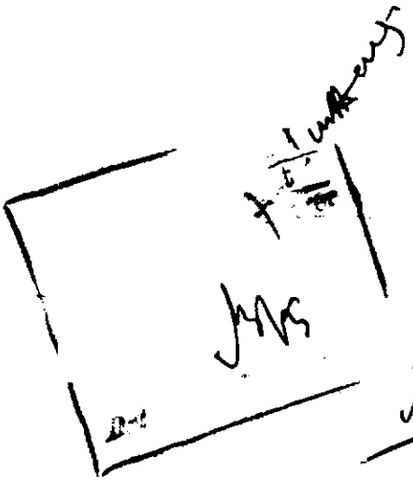
Memorial - Burde

Lakshminarayana

Karnata — S. Kanara Dt. -

'Urip. Bank' Ltd - mis-

management.



Regarding the

Regr. of J.S. Companies

Ins. Comts.

29/3

29/3

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The Regr. of J.S.

Cos. (with Cf.

to be retd with

reply)

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Law (General) DEPARTMENT.

R.F. 3407C

Received 10 MAY 1933 19 Registered 115 1933.

Subject.

The Udipi Bank Limited - Allegations against - Memorial from Mr. B. Laxminarayana Kamath of South Kanara District.

ENCLOSURES.
No. Three
Spare copies Nil

No. 435 Comp.

Station Madras, *Dated the* 3rd May 1933.

From (Name) M.R.Ry Diwan Bahadur B.V.Sri Hari Rao Nayudu Garu, B.A. B.L.
(Designation) Registrar of Joint Stock Companies.

To The Secretary to the Government of Madras,
Law (General) Department.

Sir, Ref: Endt. No. 2481 C-1 dated 30th March 1933.

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The allegation of the memorialist is that the management of the Udipi Bank Limited have formed into a regular conspiracy and in pursuance thereof have committed forgeries and falsification of accounts and criminal misappropriation of public moneys and requests that the affairs of the Bank may be ordered to be investigated. The several allegations made in the memorial have been carefully enquired into by the Assistant Registrar of Joint Stock Companies, South Kanara under my orders and dealt with at great length in his report No. 196 K dated

24th April 1933 (copy enclosed).

2. It may be observed that no specific instances of falsification of accounts &c. have been cited in the memorial. From the Assistant Registrar's report I am convinced that no case has been made out necessitating Government's interference in the matter. Further the memorialist is not even a share-holder and as such he has no <u>locus standi</u> to request for an investigation of affairs of the Bank. He may therefore be directed to seek redfess in a court of law if he feels aggrieved.

I have the honour to be,

Sir,

Your most obedient servant,

Ag. Asst. Registrar
for Registr. of Jt. St. Cos.

Enclosure I.

Letter -- from the Assistant Registrar of Joint Stock Cos: South Kanara, Mangalore,
To -- the Registrar of Joint Stock Companies, Madras,
Dated -- the 24th April 1933,
No. -- Dis.C.196 K.

Reference: Your proceedings dated 5-4-1933 - The Udipi Bank, Limited - allegations against - memorial from B.Laxminarayana Kamath - S.Kanara District - Remarks called for - working - management - present situation report.

The memorialist Burde Laxminarayana Kamath has three sons Pattabhirama Kamath, Narasinga Kamath and Trivikrama Kamath the last being the first Managing Director of the Udipi Bank and referred to in the memorial as "B.T.Kamath".

2. "The Udipi Bank, Limited" was registered under the Indian Companies Act, 1913 as a Joint Stock Company in the year 1925 with an authorised capital of Rs. 2,00,000/- divided into 4000 shares of Rs. 50/- each. Within 7 months of its registration 600 shares were subscribed for and Rs. 12,000/- were fully paid up on call at Rs. 20/- per share. It was able to attract deposits to the extent of Rs. 25,300/- within the same period.

3. M.R.Ry N.Rajagopalakrishna Rao referred to in para 2 of the memorial was the president (with 15 shares) (2) U.S. Adam Dawood Saheb, vice President (with 25 shares) (3) S.L. Ramachandra Naik (with 400 shares) (4) M.Annayya (with 19 shares), (5) B.Picardo (with 15 shares) (6) H.Ramaya Shetty (with 25 shares) (7) P.Narayana Prabhu (with 17 shares) (8) (U.R.Narasimha Pai (with 15 shares) (9) P.Ramanath Nayak (27 shares) (10) B.T.Kamath (with 216 shares) formed the first directorate, Mr. B.T.Kamath (No.10) being the Managing Director. According to the latest Annual list and Summary dated 28th March 1933, U.S. Adam Dawood Saheb (No.2) S.L.Ramachandra Nayak (No.3) P. Narayana Prabhu (No.7) are still on the board of Directors. The remaining Directors on the present Board are U.Keshava Prabhu (with 97 shares) M. Venkobachar of Admar Mutt with 50 shares and M.Anandaraya Pai with 25 shares. U.Rajagopalakrishna Rao

U.Rajagopalakrishna Rao the first President is still a share-holder and retired from the directorate only in the year 1932.

According to the latest summary of share capital and shares dated 28th March 1933, 1535 shares have been subscribed for and Rs. 56,820/- have been paid up.

The Memorialist's allegation that the Bank is a bogus concern and that its Directors are a gang of conspirators is not true in the light of the facts mentioned above.

4. From the balance sheets filed with me I find that the Bank was able to declare a dividend of 5 % in 1925 the year of its commencement of business after appropriating a part of the net profits towards preliminary expenses and Reserve Fund. A dividend of 6 % was declared in 1926, 7% in 1927, 7% in 1928, 7% in 1929 and 6% in 1930. The Directors have waived their claims to sitting allowances all these years. The managing Director Mr. B.T.Kamath claimed remuneration for the first time in the year 1929 and the amount paid to him was only Rs. 486-14-6 when the net profits available for distribution were Rs.4875-5-11. It was smooth sailing from the year 1925 to 1930 although there was a falling off in deposits from 25902-2-11 in 1928 to Rs. 19,903-11-4 in 1929 and to Rs. 13,694-10-2 in 1930. Debts considered bad and doubtful were "Nil" till 31st December 1930.

5. The reputation of the Bank suffered in the year 1931. Deposits came down to Rs. 10,838-1-4 and for the first time a sum of Rs. 27,905-15-8 was found entered in the balance sheet under the head "Debts considered doubtful or bad (including Rs. 13,250/- being loans in court)". Certified auditor Mr. M.S.Krishna Rao gave a damaging report regarding the state of affairs of the Bank. The balance sheet for the year 1931 contained also the report of the auditor. In reviewing the balance sheet I called for a copy of the Auditor's report for verification with the balance sheet. I enclose it herewith for perusal and return. The Balance sheet was not adopted at the General meeting held on 14th February 1932 but it passed the following resolution:-

"Proposed by Mr. U.Keshava Prabhu and seconded by Mr. T.Madhava Pai that in view of the sanction accorded to C.D. 2/31 dated D.L.11/31 being in the opinion of the general body ultra vires of the powers of the Directors who took part in the sanction of the said loans this body resolves that the Manager do take legal opinion for proceeding civilly against the concerned Directors to secure the Bank from any losses arising by their conduct in the matter of the said loans by the 15th of March 1932 and place the same before this body by convening another general meeting immediately when the further consideration of this matter and of the adoption of the balance sheet and Directors report will be taken up".

I have not yet heard from the Bank whether at any subsequent general meeting the balance sheet for the year 1931 was adopted. But in reviewing the balance sheet for the year 1932 received before receipt of this reference, I have put the following question to the Bank:-

"It is seen under "Capital and Liabilities" - "Profit and Loss Account" net profits of the year ending December 1931 amounting to Rs. 3235-13-5 have been carried over to the Balance sheet ending December 1932 now under review. It is presumed therefore that the balance sheet of the previous year was also adopted at the general meeting".

I have not yet received a reply.

6. The Memorialist refers in para 4 to a loan of Rs.27.000/- issued by the Bank to Mr. B.T.Kamath, the Managing Director who is none other than the son of the memorialist. The Auditor's report also refers to the transactions in connection therewith. Mr. B.T.Kamath, I am informed, secured a fixed loan of Rs. 12,000/- under a pronote and a sum of Rs. 9000/- under an overdraft for Rs. 15,000/-. The first withdrawal on 9-6-31 was Rs.9,000 under the overdraft. When the loan of Rs.12,000 under the pronote dated 6-10-31 was sanctioned the Directors who passed the loan were, I understand, assured by Mr. B.T.Kamath that the previous loan would be liquidated.

But the latter failed to act up to his promise. The memorialist states that the loan was raised "on the acceptance of his (B.T.Kamath's) wife, a penniless lady". The Auditor in referring to this transaction says thus" For, it is found that the co-obligant to the borrower is no other than a family member of his". For omitting to say that the co-obligant was the wife of Mr. B.T.Kamath the, auditor is accused by the memorialist in para 8 of "An unholy" intention on the part of the auditor himself". The Auditor apparently did not want to drag the name of a respectable woman into a public document. The Memorialist cannot appreciate courtesy to a woman and restraint in language in criticizing the action of another.

7. The action of the Directors in sanctioning advances under pronote and overdraft has come in for a great deal of unfriendly criticism. The Directors were apparently more anxious to help their Managing Director, Mr. B.T.Kamath than to protect the interests of the shareholders and depositors. The Directors, it is said by some, were really misled by Mr. B.T.Kamath. The latter was also Agent of the Oriental Government Security Life Assurance Company and had built up a fairly lucrative business. It was widely held that Mr. B.T.Kamath had insured his life for Rs.30,000. The Directors also entertained this impression and also believed Mr. B.T.Kamath's assurance that the policies had been assigned to his wife. Hence the signature of the latter as assignee was considered by the Directors as sufficient security. But these policies had lapsed for non-payment of premiums. It is therefore clear that the Directors of the Bank in sanctioning a loan of Rs. 12,000 to one who was already indebted to the Bank to the extent of Rs. 9,000 under an overdraft did not act with caution and a due sense of responsibility.

8. Again in para 8 it is suggested that the Directors appropriated the sanctioned loan with the object of making Mr. B.T.Kamath a scape-goat or to harass, if possible the memorialist himself. This is a wild statement to make. Mr. B.T.Kamath, soon after obtaining the loan took leave and left Udipi. It may be more correct to say that he absconded from Udipi. He went to Kumbla, the 3rd Railway station from Mangalore, where he had his father-in-law and was moving from place to place being found at Calicut, Cannanore and Kasaragod. If the Directors were participants in the transaction, there was no necessity for Mr. B.T.Kamath to make himself scarce at Udipi. It is stated in para 5 that Mr. Rajagopalakrishna Rao, the President of the Bank, was helped with finances by Mr.B.T.Kamatch to send his son, Srinivasa Moorthy to England to compete for I.C.S. Examination. The suggestion is probably that without money drawn from the Bank with the help of Mr. B.T.Kamath, it would not have been - - - - - -

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possible for the father to send his son to England. Though Mr. Rajagopalakrishna Rao has lost some of his properties, I gather that he is solid enough and can well afford to educate his son in England.

9. The Auditor in his report dated 3-1-32 has stated that he was assured by the management that the 2 advances to Mr. B.T. Kamath would be collected without delay and that a suit had already been filed in respect of one advance. He has referred also to 4 loans aggregating Rs.8950/- in which Mr. B.T. Kamath is a party. I understand that these loans were advanced on pronotes to the memorialist and his sons on their execution jointly with Mr. B.T. Kamath. The Bank has apparently filed suits for recovery of these amounts referred to in paras 9 and 10 and obtained decrees. It is quite possible that in the execution of these decrees the memorialist and his 2 sons were put to a great deal of worry and anxiety. I am not able to obtain detailed information on these points. I do not think that it is necessary either to institute elaborate enquiries touching these matters. It must be presumed that the Court which passed these decrees went into the question of the genuineness of the documents on which the claims of the Bank were based. If the memorialist is aggrieved by the action of the Court he has remedies in appeal, or revision.

10. The memorialist makes certain allegations against officers of the Canara Banking Corporation Ltd., Udipi. This is the oldest banking institution in the district. It has an authorised capital of Rs.3,50,000 and a paid up capital of Rs.2,25,000 and deposits running to a sum exceeding 20 lakhs. It celebrated its silver jubilee in the year 1931. I understand that cheques and bills issued by the Udipi Bank were discounted at the Canara Banking Corporation Bank, Ltd. at Udipi and passed on to the banks at Mangalore on which they were drawn. It is a very ordinary business of a Bank to increase its income by obtaining a 4 annas per cent commission in the discounting of

bills and cheques. It is only when such [illegible] dishonoured that the Bank which paid out the [illegible] action. It is possible that the Memorialist or his partner by such action put to some trouble or [illegible]. I am not able at this distance to gather detailed information. It is very unlikely that a popular institution like the Corporation Bank will spoil its reputation by being a party to shady or questionable transactions. The Manager of the Bank is a gentleman to whom the Bank owes a great deal of its prosperity.

11. The management, in my humble opinion, exercised little control over the work of their Managing Director. The auditor was of opinion that there was not even a small cash balance on hand. Cash balances were permitted to accumulate until it reached the high figure of Rs.20,746-0-6. The Canara Corporation Bank was within a short distance. A current account could have been opened there and cash in excess of requirements could conveniently have been deposited with them daily or weekly. Accumulation of cash balances leads room to the suspicion that cash was appropriated to meet the private needs of the Managing Director. The management erred seriously in sanctioning loans to Mr. B.T. Kamath without due care and circumspection.

However, the Bank appears to have profited by the lessons of the past and are now taking steps to protect the interests of its constituents. The memorialist and his sons would have been glad if no action had been taken. The Bank is striving hard to recover bad and doubtful debts. In doing so the memorialist and his sons have been seriously embarrassed. The memorial is, in my opinion, inspired by malicious motives. There is no case for an investigation under Sec. 138 of the Indian Companies Act. The memorialist is not even a share-holder. In these circumstances the request of the memorialist cannot be complied with. We will not be able to furnish the security required by section 139 of the Act.

12. The memorialist has cast reflections on the conduct of the District Munsif of Udipi who is a Telugu gentleman new to the appointment and to the station. He can have no interest whatever in local politics. It is very strange that in an appeal to Government the Memorialist did not hesitate to launch an attack on a responsible officer serving under them. The conduct of the memorialist deserves serious notice.

ENCLOSURE II.

Copy of Auditor's (M.S. Krishna Rau, Certified Accountant and Auditor) separate report addressed to the Shareholders, The Udipi Bank, Ltd. Udipi, dated 3rd January 1932.

I have completed the audit of the bank for the year ending 31st December last and beg to place before you the following points for your due consideration.

The advances, except a few which are on the pledge of jewels and deposit receipts of the bank, being on personal security, a detailed scrutiny, item by item, by ascertaining from the management about the solvency of each party was done in the year also as usual. This has been necessitated owing to the general trade depression which has come to stay permanently. Most of the loans the management has certified to be sound and from the books also it is found that interest has been paid and part payments towards the principal in some have been received. But the directorate doubting about the possibility of recovering two advances to one and the same party, which are under a Promote and a Over-draft respectively, have according to the information available rightly agreed to show both advances as doubtful. It is found towards one a suit has been made and I am informed that it will be secured soon by some means or other. It is hoped that the advances will be soon secured and recovered also. If they should prove bad [illegible] Bank driven to write them off, no greater catastrophy could be said

said to have befallen to the institution, [illegible] its life. The way in which the two [illegible] mentioned is rather curious and [illegible]. For, it is found that the co-obligant [illegible] than a family member of his. There [illegible] to ₹.8,950/- in which the [illegible] advances of the above [illegible] other two are quite an [illegible] I am assured by the [illegible] collected soon. If [illegible] (current) nothing would be more disastrous [illegible] tion. It is hoped the directorate [illegible] by taking necessary steps for their recovery. Bills to the extent of ₹.2,320/- are found to be overdue. [illegible] and ₹.500 respectively, in which [illegible] insolvent, the remaining [illegible] recovered. Towards some of these overdue bills [illegible] notes necessary legislation has been [illegible] creed also. Rightly in [illegible] not been calculated.

In view of the [illegible] ing in the balance sheet, I am of opinion that no dividend should be declared for the year under report. After paying the [illegible] income-tax on the profits now [illegible] to be transferred to a "Bad Debts Reserve". Some, i.e., declaring a dividend in future years also till all [illegible] the debts in question are recovered or a reserve to cover them is made up. In previous years when declaring dividends [illegible] of a "bad debts reserve" was [illegible]. But I do not see [illegible] were no bad debts [illegible] a reserve of [illegible] will be created. Looking to the [illegible] huge figure of doubtful debts, I think [illegible] the general reserve the [illegible] of ₹.3000/- to the Bad Debts Reserve" or if necessary, [illegible] the final amount of [illegible] ₹.1000/- in the former [illegible] transferred to the latter [illegible]. Or, [illegible] seeds of [illegible]

the institution has been placed in.

In the year under report also heavy cash balances are found. Early in the year as on 9-1-31 the balance having reached a respectable figure of Rs.1,120-2-1 it is found to steadily increase and the maximum of Rs.20,746-0-6 on 8-6-31 had been reached. Owing to the change in the management I could not get any explanation why such heavy cash balances were kept in hand. The two advances now shown as doubtful having been sanctioned they alone have helped to reduce the heavy cash balance. For, on 9-6-31 the first withdrawal of Rs.9000/- under the overdraft is made and subsequently on 6-10-31 the second loan of Rs.12,000/- is shown as advanced. I am lead to think that the cash was never checked after the close of each day's transactions, which also are not many. For, a deposit having been paid on 13-2-31 its interest is found debitted on 18-2-31. ~~xxx~~ I am glad to find that of late a bank account with the local bigger bank has been opened. It is hoped the good practice will be kept up and the evening cash balance each day will be brought to the lowest figure possible.

Scott. II-6 (a)

20/23.5

Law (General) DEPARTMEN

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When received for Fair-copying		
When copied		
When examined		
When signed		
When despatched		

Companies

The Udipi Bank Ltd. – affair.
Petition from M.R.Ry Bourde
Lakshminarayana Kamath –
Orders passed

READ AGAIN G.O. No. ....., dated ..... 19 .

" " " " ..... " ..... 19 .

READ ALSO :—

(i) ~ p 1 of

C. No. 2487 C From the M.R.Ry B. Lakshmi-narayana kamath, No. ....., dated 22.3.1933.

" " 3407 C " " Registrar, Joint Stock Companies (ii) ~ p 1 of " No. 435 " Comp. & 3.5.1933 19 .

" " ..... " " ..... " ..... " ..... 19 .

ORDER. No. 796, dated 23/5/ 1933.

M.S.

23 MAY 1933 LAW DEPART.

M.R.Ry B. Lakshminarayana Kamath is informed that there is no reason for Government interference in the affairs of the Bank. He may seek redress in a Court of Law if he feels aggrieved.

Ship. that we are unable to interfere in the matter.
16.5.33
519
17/5

23/5/33

To
M.R.Ry
B. Lakshminarayana Kamath
Kunjabettu
Udipi
(Q & I 80)

Copy to the Registrar
Joint Stock Companies
(G 80)

18/5

J

19/5/33.